

1 AN ACT concerning taxes.

2 Be it enacted by the People of the State of Illinois,
3 represented in the General Assembly:

4 Section 5. The Illinois Housing Development Act is
5 amended by adding Section 7.28 as follows:

6 (20 ILCS 3805/7.28 new)

7 Sec. 7.28. Tax credit for donation to sponsors. The
8 Illinois Housing Development Authority may administer and
9 adopt rules for an affordable housing tax donation credit
10 program to provide tax credits for donations to sponsors of
11 affordable housing projects as set forth in this Section.

12 (a) In this Section:

13 "Administrative housing agency" means either the Illinois
14 Housing Development Authority or an agency of the City of
15 Chicago.

16 "Affordable housing project" means either (i) a rental
17 project in which at least 25% of the units have rents
18 (including tenant-paid heat) that do not exceed, on a monthly
19 basis, 30% of the gross monthly income of a household earning
20 60% of the area median income and at least 25% of the units
21 are occupied by persons and families whose incomes do not
22 exceed 60% of the median family income for the geographic
23 area in which the residential unit is located or (ii) a unit
24 for sale to homebuyers whose gross household income is at or
25 below 60% of the area median income and who pay no more than
26 30% of their gross household income for mortgage principal,
27 interest, property taxes, and property insurance (PITI).

28 "Donation" means money, securities, or real or personal
29 property that is donated to a not-for-profit sponsor that is
30 used solely for costs associated with either (i) purchasing,
31 constructing, or rehabilitating an affordable housing project

1 in this State, (ii) an employer-assisted housing project in
2 this State, (iii) general operating support, or (iv)
3 technical assistance as defined by this Section.

4 "Employer-assisted housing project" means either
5 down-payment assistance, reduced-interest mortgages, mortgage
6 guarantee programs, rental subsidies, or individual
7 development account savings plans that are provided by
8 employers to employees to assist in securing affordable
9 housing near the work place, that are restricted to housing
10 near the work place, and that are restricted to employees
11 whose gross household income is at or below 120% of the area
12 median income.

13 "General operating support" means any cost incurred by a
14 sponsor that is a part of its general program costs and is
15 not limited to costs directly incurred by the affordable
16 housing project.

17 "Geographical area" means the metropolitan area or county
18 designated as an area by the federal Department of Housing
19 and Urban Development under Section 8 of the United States
20 Housing Act of 1937, as amended, for purposes of determining
21 fair market rental rates.

22 "Median income" means the incomes that are determined by
23 the federal Department of Housing and Urban Development
24 guidelines and adjusted for family size.

25 "Sponsor" means a not-for-profit organization that (i) is
26 organized under the General Not For Profit Corporation Act of
27 1986 for the purpose of constructing or rehabilitating
28 affordable housing units in this State; (ii) is organized for
29 the purpose of constructing or rehabilitating affordable
30 housing units and has been issued a ruling from the Internal
31 Revenue Service of the United States Department of the
32 Treasury that the organization is exempt from income taxation
33 under provisions of the Internal Revenue Code; or (iii) is an
34 organization designated as a community development

1 corporation by the United States government under Title VII
2 of the Economic Opportunity Act of 1964.

3 "Technical assistance" means any cost incurred by a
4 sponsor for project planning, assistance with applying for
5 financing, or counseling services provided to prospective
6 homebuyers.

7 (b) A sponsor must apply to the administrative housing
8 agency that administers the program for approval of the
9 project. The administrative housing agency must reserve a
10 specific amount of tax credits for each approved affordable
11 housing project for 24 months after the date of approval.
12 The sponsor must receive an eligible donation within that
13 24-month time period or donations to the project made after
14 the end of the 24-month period are not eligible for the tax
15 credit allowed under Section 214 of the Illinois Income Tax
16 Act.

17 (c) The Illinois Housing Development Authority must
18 adopt rules establishing criteria for eligible costs and
19 donations, issuing and verifying tax credits, and selecting
20 affordable housing projects that are eligible for a tax
21 credit under Section 214 of the Illinois Income Tax Act.

22 (d) Tax credits for employer-assisted housing are
23 limited to that pool of tax credits that have been set aside
24 for employer-assisted housing. Tax credits for general
25 operating support are limited to 10% of the total tax credit
26 allocation for a project and are also limited to that pool of
27 tax credits that have been set aside for general operating
28 support. Tax credits for technical assistance are limited to
29 that pool of tax credits that have been set aside for
30 technical assistance.

31 (e) The amount of tax credits reserved by the
32 administrative housing agency for an approved project is
33 limited to \$13 million in the initial year and shall increase
34 each year by 5%. The City of Chicago shall receive 24.5% of

1 total tax credits authorized for each fiscal year. The
 2 Illinois Housing Development Authority shall receive the
 3 balance of the tax credits authorized for each fiscal year.
 4 The tax credits may be used anywhere in the State. The tax
 5 credits have the following set-asides:

- 6 (1) for employer-assisted housing, \$2 million; and
- 7 (2) for general operating support and technical
 8 assistance, \$1 million.

9 The balance of the funds must be used for projects that
 10 would otherwise meet the definition of affordable housing.

11 (f) The administrative housing agency that issues the
 12 credit must record against the land upon which the project is
 13 located an instrument to assure that the property maintains
 14 its affordable housing compliance for a minimum of 10 years.
 15 The housing authority has flexibility to assure that the
 16 instrument does not cause undue hardship on homeowners.

17 Section 10. The Illinois Income Tax Act is amended by
 18 adding Section 214 as follows:

19 (35 ILCS 5/214 new)

20 Sec. 214. Tax credit for affordable housing donations.

21 (a) Beginning with taxable years ending on or after
 22 December 31, 2001 and until the taxable year ending on
 23 December 31, 2006, a taxpayer who makes a donation under
 24 Section 7.28 of the Illinois Housing Development Act for the
 25 development of affordable housing in this State is entitled
 26 to a credit against the tax imposed by subsections (a) and
 27 (b) of Section 201 in an amount equal to 50% of the value of
 28 the donation. Partners, shareholders of subchapter S
 29 corporations, and owners of limited liability companies (if
 30 the limited liability company is treated as a partnership for
 31 purposes of federal and State income taxation) are entitled a
 32 credit under this Section to be determined in accordance with

1 the determination of income and distributive share of income
2 under Sections 702 and 703 and subchapter S of the Internal
3 Revenue Code.

4 (b) If the amount of the credit exceeds the tax
5 liability for the year, the excess may be carried forward and
6 applied to the tax liability of the 5 taxable years following
7 the excess credit year. The tax credit shall be applied to
8 the earliest year for which there is a tax liability. If
9 there are credits for more than one year that are available
10 to offset a liability, the earlier credit shall be applied
11 first.

12 (c) The transfer of the tax credit allowed under this
13 Section may be made (i) to the purchaser of land that has
14 been designated solely for affordable housing projects in
15 accordance with the Illinois Housing Development Act or (ii)
16 to another donor who has also made an eligible donation to
17 the sponsor of an affordable housing project in accordance
18 with the Illinois Housing Development Act.

19 (d) A taxpayer claiming the credit provided by this
20 Section must maintain and record any information that the
21 Department may require by regulation regarding the affordable
22 housing project for which the credit is claimed. When
23 claiming the credit provided by this Section, the taxpayer
24 must provide information regarding the taxpayer's donation to
25 the development of affordable housing under the Illinois
26 Housing Development Act.

27 Section 99. Effective date. This Act takes effect upon
28 becoming law.